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Press release - Housing Finance

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PRESS RELEASE FROM THE PREMIER, MR. DUNSTAN.HOUSING FINANCE.

21/12/71.

The Premier and Treasurer, Mr. Dunstan, today announced details of new housing finance arrangements with the Housing Trust, the larger building societies, and the State Bank.

This follows the new agreement embraced in recent Commonwealth and State legislation.

New funds for the Housing Trust for 1971-72 under the arrangements will be \$12½M.

Although money borrowed on behalf of the State on a long term basis has cost 7% per annum interest up to date, and in the immediate future will cost 6.7% per annum interest, the new arrangements will reduce the cost to the Trust to 4½% for money supplied for the first seven months of the year and 4¼% thereafter.

These are effective rebates of about 2½% per annum and will allow the Trust to continue its rental and sale housing programmes largely avoiding the heavy increases in rentals and prices which otherwise increased prices and wages would have necessitated.

For lending of Government money through the Home Builders' Account by way of the State Bank and the larger permanent building societies the amount of new money in 1971-72 is set down at \$14½M.

In addition to this recoveries and repayments will make available for lending more than \$19M. this year, of which about \$17M. will be handled by the State Bank.

The rates of interest charged by these institutions has been 6½% for the earlier part of this year, and because of the new lower State borrowing rate and the new agreement this will reduce to 6¼% for loans approved in the New Year.

Mr. Dunstan said that more than 90% of the funds lent by the State Bank and the larger permanent building societies out of money provided by the Government is upon new houses.

Moreover there is absolutely no preference list for applicants for these funds, each applicant taking his turn in accordance with the date of his application.

Such is the demand that the wait for a present applicant to finance a new house is about 15 months at the State Bank.

It is believed to be rather less with the building societies.

Mr. Dunstan noted that this year South Australia is providing housing funds at a rate per head of population rather more than twice the rate of the other five States together.

It provides about half as much again as the other States for its Housing Authority but actually nearly four times as much per head for lending for home purchase.

This is apart from the lending by the Savings Bank of South Australia, which for this year proposes to lend out of its own funds about \$17½M. for housing.